

(Washington, DC) -- Today, Congressman Russ Carnahan (MO-3) voted in favor of the Pay for Performance Act, which ties pay to performance at companies receiving taxpayer assistance. The measure passed the House by 247 - 171.

The American International Group (AIG) bonuses have exposed the extraordinary abuses of the public trust by companies rewarding employees with excessive compensation, even while taxpayers are now on the hook for billions to address the consequences of these companies' unchecked risk-taking.

**"Today's action is needed to protect taxpayers' money, ensure that failure is not rewarded with bonuses, and hold companies receiving billions in taxpayer dollars accountable for the bonuses that were paid to their executives,"** said Congressman Carnahan. **"No taxpayer funds should be used to pay bonuses or other unjustified compensation to any executive whose irresponsible risk-taking helped bring our financial system to the brink of collapse."**

The Pay for Performance Act:

- prohibits payment of unreasonable or excessive compensation and non-performance based bonuses for companies while direct capital investments from the TARP or HERA (for Freddie and Fannie) remain outstanding;
- restricts bonuses for executives and employees of companies that receive a direct capital investment under TARP, and during the time the investment remains outstanding, regardless of when the arrangement to pay such bonus was entered into;
- lifts restrictions once a company has repaid the government; and
- does not apply to companies participating in the Obama Administration's public-private partnership to buy toxic assets, financial institutions participating in the Administration's mortgage modification initiatives, or those receiving funding through the Term Asset-Backed Securities Loan Facility.

After receiving more than \$170 billion in taxpayer funds, AIG paid \$165 million in retention payments to executives - most of whom have mismanaged their company into near bankruptcy.

**"The AIG bonuses underscore the urgency and need for overall financial regulatory reform so we don't find ourselves in this position again,"** said Carnahan. **"President Obama and Congress are working toward that end."**

Congressman Carnahan was among the first in Congress to demand executives receiving

excessive bonuses return the money to the American taxpayers. He co-sponsored the Bailout Bonus Tax Bracket Act of 2009 offered by Congressman Steve Israel (NY-2) to tax TARP-taking company big bonuses, like those set to go to AIG executives, at 100%.

Two weeks ago, the House passed a tax bill supported by Carnahan to recover taxpayers' dollars from AIG and other companies receiving billions in TARP funds. Soon after, a number of AIG executives returned their bonuses - including 15 of the top 20 AIG bonus recipients -- totaling \$50 million, according to New York Attorney General Andrew Cuomo.

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